

# ANALYSIS OF ORIGINAL BILL

## Franchise Tax Board

Author: Davis Analyst: Roger Lackey Bill Number: ACA 8  
Related Bills: ACA 6, AB 590  
(1999) Telephone: 845-3627 Introduced Date: 02-19-99  
Attorney: Doug Bramhall Sponsor: \_\_\_\_\_

**SUBJECT:** State Budget/Two-Year Budget

### SUMMARY

This measure would amend the California Constitution to provide that the state budget would be submitted by the Governor biennially for approval by the Legislature. The Governor would submit a budget rebalancing plan in even-numbered years, if necessary, or a report if the Governor determines no budget adjustments are necessary.

This analysis will address this bill only as it impacts the Franchise Tax Board (FTB).

### EFFECTIVE DATE

This bill would be effective upon the vote of the people of California and specifies that it applies to fiscal years beginning on or after July 1, 2001.

### SPECIFIC FINDINGS

**State law** provides that the Governor must submit to the Legislature within the first ten days of each calendar year a proposed budget for the ensuing fiscal year, and requires that the Legislature enact a budget bill by June 15<sup>th</sup> of that year. Upon the budget bill's passage, the Governor has until July 1 of that year to sign the budget bill into law.

**This measure** would provide that the Governor within the first ten days of each odd-numbered calendar year shall submit to the Legislature a budget for the two-year fiscal period commencing on July 1 of that odd-numbered year.

Also, **this measure** would provide that the Legislature would pass the budget bill by midnight on June 15 of each odd-numbered calendar year.

**This measure** would provide that no later than February 1 of each even-numbered calendar year, the Governor would submit a budget rebalancing plan containing adjustments to expenditures, revenues or other changes necessary to maintain the balanced budget through the two-year fiscal period.

The Governor's plan would be accompanied by a budgeting rebalancing bill, itemizing the necessary adjustments or changes. This bill would be immediately introduced in each house of the Legislature by the person chairing the budget committee.

### Board Position:

_____ S	_____ NA	_____ NP
_____ SA	_____ O	_____ NAR
_____ N	_____ OUA	<u>  X  </u> PENDING

### Department Director

### Date

**Gerald Goldberg**

**3/25/1999**

If the Governor determines that no adjustments are necessary, the Governor would submit a report by February 1 of that year to the Legislature updating the budget for the current fiscal year.

**This measure** would make additional amendments to the California Constitution to conform to the author's intent of providing a two-year budget process.

#### Implementation Considerations

Implementation of this measure would require the department's budget staff to incorporate new procedures to accommodate a biennial budget process.

#### FISCAL IMPACT

##### Departmental Costs

This measure could result in minor costs to accommodate additional hours expended by the department's budget staff to prepare a biennial budget.

##### Tax Revenue Estimate

This bill would not impact the state's income tax revenue.

#### BOARD POSITION

Pending.